

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
VALLEY CENTER, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2015**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2015** and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Education
Valley Center Unified School District No. 262

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **Valley Center Unified School District No. 262, Valley Center, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2015**, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2015**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

**Board of Education
Valley Center Unified School District No. 262**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated December 23, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 11, 2015

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances and Accounts Payable		
General Fund	\$ 0	\$ 0	\$ 15,970,015	\$ 15,970,015	\$ 0	\$ 90,787	\$	\$ 90,787
Special Purpose Funds								
Supplemental General	255,796	0	5,062,138	5,297,870	20,064	18,148		38,212
At Risk (4 Year Old)	10,007	0	107,300	102,280	15,027	0		15,027
At Risk (K-12)	205,011	0	949,138	911,899	242,250	0		242,250
Bilingual Education	28	0	131,616	131,600	44	0		44
Virtual Education	108,179	0	271,846	199,675	180,350	0		180,350
Capital Outlay	3,726,329	7,392	1,275,418	1,228,346	3,780,793	788,587		4,569,380
Driver Training	51,531	0	18,049	17,258	52,322	0		52,322
Food Service	329,772	0	1,258,111	1,249,273	338,610	11,863		350,473
Professional Development	120,302	0	35,000	37,778	117,524	10		117,534
Summer School	15,103	0	17,306	25,480	6,929	0		6,929
Special Education	918,462	0	4,098,151	3,887,180	1,129,433	0		1,129,433
Vocational Education	57,517	0	679,696	724,548	12,665	1,503		14,168
KPERS Contribution	0	0	1,286,549	1,286,549	0	0		0
Recreation Commission	7,819	0	553,500	543,523	17,796	0		17,796
Recreation Commission Employee Benefits	780	0	82,851	83,631	0	0		0
Federal Funds	212	0	379,882	380,182	(88)	5,953		5,865
Gifts and Grants	43,940	0	9,461	34,506	18,895	99		18,994
Contingency Reserve	1,406,491	0	0	0	1,406,491	0		1,406,491
Textbook and Student Material								
Revolving	273,038	182	176,244	323,227	126,237	82,062		208,299
District Activity Funds	63,585	0	503,798	513,372	54,011	0		54,011
Debt Service Funds								
Bond and Interest	3,016,959	0	5,094,254	4,737,356	3,373,857	0		3,373,857
Special Assessments	9,641	0	0	85	9,556	0		9,556
	<u>\$ 10,620,502</u>	<u>\$ 7,574</u>	<u>\$ 37,960,323</u>	<u>\$ 37,685,633</u>	<u>\$ 10,902,766</u>	<u>\$ 999,012</u>		<u>\$ 11,901,778</u>
Composition of Cash:								
				Checking and Money Market Accounts		\$ 12,004,640		
				Certificates of Deposit		7,862		
				Agency Funds		12,012,502		
						(110,724)		
						<u>\$ 11,901,778</u>		

The notes to the financial statement are an integral part of this statement.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Valley Center Unified School District No. 262 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Valley Center, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Debt Service Fund-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment for the year ended June 30, 2015.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds
Contingency Reserve Fund
District Activity Funds

Gifts and Grants Fund
Textbook and Student Material Revolving Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 2 - In Substance Receipt in Transit:

The District received \$1,273,338 subsequent to June 30, 2015, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Note 3 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Ave., Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

Net Pension Liability

The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014, the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$17,123,593 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

Note 4 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 5- Subsequent Events:

The District has evaluated subsequent events through December 11, 2015, the date which the financial statement was available to be issued.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Note 6 - Deposits:

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The rating of the District's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2015.

At June 30, 2015, the District's carrying amount of deposits was \$12,012,502 and the bank balance was \$13,029,973. The bank balance is held by one bank. Of the bank balance, \$250,000 was covered by depository insurance and the remaining \$12,779,973 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 7 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:								
	General	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Virtual Education	Professional Development	Special Education	Vocational Education	Total
Transfer from:									
General Fund	\$ 0	\$ 15,000	\$ 292,721	\$ 0	\$ 271,566	\$ 35,000	\$ 3,306,865	\$ 12,618	\$ 3,933,770
Supplemental									
General Fund	0	92,300	602,592	129,108	0	0	735,900	575,622	2,135,522
Virtual									
Education	108,000	0	0	0	0	0	0	0	108,000
	<u>\$ 108,000</u>	<u>\$ 107,300</u>	<u>\$ 895,313</u>	<u>\$ 129,108</u>	<u>\$ 271,566</u>	<u>\$ 35,000</u>	<u>\$ 4,042,765</u>	<u>\$ 588,240</u>	<u>\$ 6,177,292</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Note 8 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2015, the State made contributions of \$1,286,549. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 9 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 10 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 11 - Termination Benefits:

The District had an early retirement program adopted on an annual basis. Under the program, a full-time employee must be at least 57 years of age with 15 or more years with the District and have 20 or more service credits under the KPERs to elect retirement under the program. Benefits include monthly payments of an amount equal to a percentage (25% to 27% depending on years of service with the District) of the employee's final basis contract annual salary and continues for a maximum of eight years or until the person becomes eligible for full social security benefits. The District discontinued the program on July 1, 2007 but is obligated to continue making payments to retirees through August of 2016.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the year ended June 30, 2015 were \$132,457.

Note 12 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Note 13 - Advance Refunding of Bond Obligation:

On April 1, 2004, the District issued \$3,835,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.60%. Of the issue, \$3,709,817 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1997 bonds. As a result, this portion of the 1997 bonds is considered defeased and not included in long-term debt below.

On July 15, 2008, the District issued \$58,880,000 in General Obligation Bonds with interest rates ranging from 4.00% to 5.00%. Of the issue, \$1,337,593 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 bonds. As a result, this portion of the 2003 bonds is considered defeased and not included in long-term debt below.

On December 27, 2012, the District issued \$9,255,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.00%. Of the issue, \$9,440,283 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2008 bonds. As a result, this portion of the 2008 bonds is considered defeased and not included in long-term debt below.

On October 1, 2013, the District issued \$4,455,000 in General Obligation Bonds with interest rates ranging from 1.00% to 3.00%. Of the issue, \$4,629,263 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 and 2004 bonds. As a result, this portion of the 2003 and 2004 bonds are considered defeased and not included in long-term debt below.

Note 14 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease payments are due monthly and annually.

Terms for long-term liabilities for the District for the year ended June 30, 2015 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2004 Series	2.00 - 3.60	4/1/04	\$ 3,835,000	11/1/17
2008 Series	4.00 - 5.00	7/15/08	\$ 58,880,000	9/1/28
2012 Series	2.00 - 3.00	12/27/12	\$ 9,255,000	9/1/28
2013-A Series	3.00	10/1/13	\$ 3,015,000	9/1/17
2013-B Series	1.00 - 1.25	10/1/13	\$ 1,440,000	9/1/15
Capital Leases				
Copiers	5.93	8/2/13	\$ 79,922	8/2/18
iPads	0.00	3/14/14	\$ 365,190	3/28/16

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015

Changes in long-term liabilities for the District for the year ended June 30, 2015 were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2004 Series	\$ 415,000	\$ 0	\$ 415,000	\$ 0	\$ 6,744
2008 Series	50,400,000	0	590,000	49,810,000	2,882,713
2012 Series	9,255,000	0	0	9,255,000	0
2013-A Series	3,015,000	0	0	3,015,000	90,450
2013-B Series	1,440,000	0	740,000	700,000	12,450
	<u>64,525,000</u>	<u>0</u>	<u>1,745,000</u>	<u>62,780,000</u>	<u>2,992,357</u>
Capital Leases					
Copiers	68,188	0	14,867	53,321	3,643
IPads	243,460	0	121,730	121,730	0
	<u>311,648</u>	<u>0</u>	<u>136,597</u>	<u>175,051</u>	<u>3,643</u>
	<u>\$ 64,836,648</u>	<u>\$ 0</u>	<u>\$ 1,881,597</u>	<u>\$ 62,955,051</u>	<u>\$ 2,996,000</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Principal			Interest			Total Principal and Interest
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	
2016	\$ 1,955,000	\$ 137,502	\$ 2,092,502	\$ 2,943,088	\$ 2,738	\$ 2,945,826	\$ 5,038,328
2017	2,180,000	16,733	2,196,733	2,878,588	1,777	2,880,365	5,077,098
2018	2,470,000	17,753	2,487,753	2,798,213	757	2,798,970	5,286,723
2019	2,895,000	3,063	2,898,063	2,603,113	23	2,603,136	5,501,199
2020	3,275,000	0	3,275,000	2,362,600	0	2,362,600	5,637,600
2021 - 2025	22,555,000	0	22,555,000	8,832,262	0	8,832,262	31,387,262
2026 - 2030	27,450,000	0	27,450,000	2,270,981	0	2,270,981	29,720,981
	<u>\$ 62,780,000</u>	<u>\$ 175,051</u>	<u>\$ 62,955,051</u>	<u>\$ 24,688,845</u>	<u>\$ 5,295</u>	<u>\$ 24,694,140</u>	<u>\$ 87,649,191</u>

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Certified Budget	Adjustment to		Adjustment for	Total Budget for	Expenditures		Variance - Over
		Comply with	Legal Max			Chargeable to	Current Year	
	\$		\$	Budget Credits	Comparison		\$	(Under)
General Fund	\$ 16,075,310		\$ (127,886)	22,591	\$ 15,970,015	\$ 15,970,015	\$	0
Special Purpose Funds								
Supplemental General	5,297,870	0	0	0	5,297,870	5,297,870	0	0
At Risk (4 Year Old)	109,050	0	0	0	109,050	102,280	(6,770)	(6,770)
At Risk (K-12)	1,325,800	0	0	0	1,325,800	911,899	(413,901)	(413,901)
Bilingual Education	131,600	0	0	0	131,600	131,600	0	0
Virtual Education	374,666	0	0	0	374,666	199,675	(174,991)	(174,991)
Capital Outlay	2,905,000	0	0	0	2,905,000	1,228,346	(1,676,654)	(1,676,654)
Driver Training	21,775	0	0	0	21,775	17,258	(4,517)	(4,517)
Food Service	1,721,600	0	0	0	1,721,600	1,249,273	(472,327)	(472,327)
Professional Development	166,050	0	0	0	166,050	37,778	(128,272)	(128,272)
Summer School	31,650	0	0	0	31,650	25,480	(6,170)	(6,170)
Special Education	4,049,767	0	0	0	4,049,767	3,887,180	(162,587)	(162,587)
Vocational Education	763,125	0	0	0	763,125	724,548	(38,577)	(38,577)
KPERS Contribution	1,525,723	0	0	0	1,525,723	1,286,549	(239,174)	(239,174)
Recreation Commission	543,523	0	0	0	543,523	543,523	0	0
Recreation Commission Employee								
Benefits	84,861	0	0	0	84,861	83,631	(1,230)	(1,230)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	380,182	XXXXXXXXXX	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	34,506	XXXXXXXXXX	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX	XXXXXXXXXX
Textbook and Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	323,227	XXXXXXXXXX	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	513,372	XXXXXXXXXX	XXXXXXXXXX
Debt Service Funds								
Bond and Interest	4,737,356	0	0	0	4,737,356	4,737,356	0	0
Special Assessments	9,640	0	0	0	9,640	85	(9,555)	(9,555)
	<u>\$ 39,874,366</u>	<u>\$ (127,886)</u>	<u>\$</u>	<u>22,591</u>	<u>\$ 39,769,071</u>	<u>\$ 37,685,633</u>	<u>\$</u>	<u>(3,334,725)</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,123,171	\$ 22,590	\$ 0	\$ 22,590
County Sources	4,038	4,077	0	4,077
State Sources	13,411,960	15,835,348	15,967,310	(131,962)
Transfers	90,000	108,000	108,000	0
	<u>15,629,169</u>	<u>15,970,015</u>	<u>\$ 16,075,310</u>	<u>\$ (105,295)</u>
Expenditures				
Instruction	6,624,398	7,085,513	\$ 7,264,250	\$ (178,737)
Student Support Services	632,320	641,648	710,000	(68,352)
Instructional Support Staff	445,636	447,878	462,750	(14,872)
General Administration	593,738	602,309	664,900	(62,591)
School Administration	1,225,344	1,272,013	1,275,000	(2,987)
Operations & Maintenance	866,747	910,236	913,010	(2,774)
Student Transportation Services	801,514	809,933	1,018,850	(208,917)
Other Supplemental Services	305,172	255,789	246,000	9,789
Architectural & Engineering Services	5,782	10,926	10,000	926
Transfers	4,128,518	3,933,770	3,510,550	423,220
Adjustment to Comply with Legal Max	0	0	(127,886)	127,886
Adjustment for Qualifying Budget Credits	0	0	22,591	(22,591)
	<u>15,629,169</u>	<u>15,970,015</u>	<u>\$ 15,970,015</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,506,678	\$ 1,593,507	\$ 1,427,132	\$ 166,375
County Sources	292,101	336,106	317,548	18,558
State Sources	2,446,441	3,132,525	3,297,394	(164,869)
	<u>5,245,220</u>	<u>5,062,138</u>	<u>\$ 5,042,074</u>	<u>\$ 20,064</u>
Expenditures				
Instruction	747,290	869,933	\$ 872,845	\$ (2,912)
Student Support Services	1,894	8,009	8,000	9
Instructional Support Staff	155,759	154,390	145,100	9,290
General Administration	16,670	17,172	17,000	172
School Administration	157,794	175,957	192,000	(16,043)
Operations & Maintenance	1,395,780	1,429,962	1,523,500	(93,538)
Other Supplemental Services	519,080	506,925	519,500	(12,575)
Transfers	2,177,645	2,135,522	2,019,925	115,597
	<u>5,171,912</u>	<u>5,297,870</u>	<u>\$ 5,297,870</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	73,308	(235,732)		
Unencumbered Cash, Beginning	182,488	255,796		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 255,796</u>	<u>\$ 20,064</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>At Risk Fund (4 Year Old)</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 100,320	\$ 107,300	\$ 100,000	\$ 7,300
	<u>100,320</u>	<u>107,300</u>	<u>\$ 100,000</u>	<u>\$ 7,300</u>
Expenditures				
Instruction	100,400	102,280	\$ 109,050	\$ (6,770)
	<u>100,400</u>	<u>102,280</u>	<u>\$ 109,050</u>	<u>\$ (6,770)</u>
Receipts Over (Under) Expenditures	(80)	5,020		
Unencumbered Cash, Beginning	10,087	10,007		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 10,007</u>	<u>\$ 15,027</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>At Risk Fund (K-12)</u>	<u>Current Year</u>			<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 58,093	\$ 53,825	\$ 70,000	\$ (16,175)
Transfers	1,049,350	895,313	1,051,000	(155,687)
	<u>1,107,443</u>	<u>949,138</u>	<u>\$ 1,121,000</u>	<u>\$ (171,862)</u>
Expenditures				
Instruction	1,030,123	767,431	\$ 1,253,700	\$ (486,269)
Student Support Services	0	68,941	0	68,941
Instructional Support Staff	63,033	67,524	67,075	449
Student Transportation Services	4,307	7,854	5,025	2,829
Operations & Maintenance	0	149	0	149
	<u>1,097,463</u>	<u>911,899</u>	<u>\$ 1,325,800</u>	<u>\$ (413,901)</u>
Receipts Over (Under) Expenditures	9,980	37,239		
Unencumbered Cash, Beginning	195,031	205,011		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 205,011</u>	<u>\$ 242,250</u>		

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS**

FOR THE YEAR ENDED JUNE 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Bilingual Education Fund</u>	<u>Current Year</u>			<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 0	\$ 2,508	\$ 2,500	\$ 8
Transfers	118,700	129,108	129,100	8
	<u>118,700</u>	<u>131,616</u>	<u>\$ 131,600</u>	<u>\$ 16</u>
Expenditures				
Instruction	118,696	131,600	\$ 131,600	\$ 0
	<u>118,696</u>	<u>131,600</u>	<u>\$ 131,600</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	4	16		
Unencumbered Cash, Beginning	24	28		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 28</u>	<u>\$ 44</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Virtual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 280	\$ 0	\$ 280
Transfers	207,636	271,566	271,566	0
	<u>207,636</u>	<u>271,846</u>	<u>\$ 271,566</u>	<u>\$ 280</u>
Expenditures				
Instruction	86,057	58,563	\$ 243,141	\$ (184,578)
Instructional Support Staff	0	15,538	0	15,538
School Administration	15,792	13,377	18,025	(4,648)
Operations & Maintenance	3,401	4,197	5,500	(1,303)
Transfers	90,000	108,000	108,000	0
	<u>195,250</u>	<u>199,675</u>	<u>\$ 374,666</u>	<u>\$ (174,991)</u>
Receipts Over (Under) Expenditures	12,386	72,171		
Unencumbered Cash, Beginning	95,793	108,179		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 108,179</u>	<u>\$ 180,350</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Capital Outlay Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 211,462	\$ 1,014,544	\$ 839,650	\$ 174,894
County Sources	30,266	10,634	8,470	2,164
State Sources	0	250,240	367,556	(117,316)
Federal Sources	20,021	0	0	0
Transfers	643,720	0	0	0
	<u>905,469</u>	<u>1,275,418</u>	<u>\$ 1,215,676</u>	<u>\$ 59,742</u>
Expenditures				
Instruction	3,611	15,500	\$ 150,000	\$ (134,500)
Student Support Services	0	192,022	100,000	92,022
Instructional Support Staff	0	0	150,000	(150,000)
General Administration	0	12,680	100,000	(87,320)
School Administration	11,929	11,355	75,000	(63,645)
Central Services	0	16,129	100,000	(83,871)
Operations & Maintenance	722,705	592,015	500,000	92,015
Transportation	145,368	244,882	200,000	44,882
Other Support Services	26,312	0	10,000	(10,000)
Facility Acquisition & Construction Services	200,993	143,763	1,520,000	(1,376,237)
	<u>1,110,918</u>	<u>1,228,346</u>	<u>\$ 2,905,000</u>	<u>\$ (1,676,654)</u>
Receipts Over (Under) Expenditures	(205,449)	47,072		
Unencumbered Cash, Beginning	3,919,572	3,726,329		
Prior Year Canceled Encumbrances	<u>12,206</u>	<u>7,392</u>		
Unencumbered Cash, Ending	<u>\$ 3,726,329</u>	<u>\$ 3,780,793</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Driver Training Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 12,250	\$ 11,725	\$ 12,000	\$ (275)
State Sources	5,950	6,324	6,035	289
	<u>18,200</u>	<u>18,049</u>	<u>\$ 18,035</u>	<u>\$ 14</u>
Expenditures				
Instruction	17,187	17,187	\$ 21,675	\$ (4,488)
Operations & Maintenance	75	71	100	(29)
	<u>17,262</u>	<u>17,258</u>	<u>\$ 21,775</u>	<u>\$ (4,517)</u>
Receipts Over (Under) Expenditures	938	791		
Unencumbered Cash, Beginning	50,593	51,531		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 51,531</u>	<u>\$ 52,322</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 556,865	\$ 560,754	\$ 631,171	\$ (70,417)
State Sources	13,756	13,902	10,838	3,064
Federal Sources	623,920	683,455	550,648	132,807
Transfers	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>(200,000)</u>
	<u>1,194,541</u>	<u>1,258,111</u>	<u>\$ 1,392,657</u>	<u>\$ (134,546)</u>
Expenditures				
Operations & Maintenance	43,556	56,724	\$ 253,950	\$ (197,226)
Food Service Operation	<u>1,208,523</u>	<u>1,192,549</u>	<u>1,467,650</u>	<u>(275,101)</u>
	<u>1,252,079</u>	<u>1,249,273</u>	<u>\$ 1,721,600</u>	<u>\$ (472,327)</u>
Receipts Over (Under) Expenditures	(57,538)	8,838		
Unencumbered Cash, Beginning	387,310	329,772		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 329,772</u>	<u>\$ 338,610</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Professional Development Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 250	\$ 0	\$ 0	\$ 0
Transfers	60,000	35,000	50,000	(15,000)
	<u>60,250</u>	<u>35,000</u>	<u>\$ 50,000</u>	<u>\$ (15,000)</u>
Expenditures				
Instructional	7,651	11,020	\$ 0	\$ 11,020
Instructional Support Staff	50,758	25,491	164,050	(138,559)
Other Support Services	932	1,267	2,000	(733)
	<u>59,341</u>	<u>37,778</u>	<u>\$ 166,050</u>	<u>\$ (128,272)</u>
Receipts Over (Under) Expenditures	909	(2,778)		
Unencumbered Cash, Beginning	119,327	120,302		
Prior Year Canceled Encumbrances	<u>66</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 120,302</u>	<u>\$ 117,524</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Summer School Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 21,878	\$ 17,306	\$ 20,000	\$ (2,694)
	<u>21,878</u>	<u>17,306</u>	<u>\$ 20,000</u>	<u>\$ (2,694)</u>
Expenditures				
Instruction	37,568	25,480	\$ 31,650	\$ (6,170)
	<u>37,568</u>	<u>25,480</u>	<u>\$ 31,650</u>	<u>\$ (6,170)</u>
Receipts Over (Under) Expenditures	(15,690)	(8,174)		
Unencumbered Cash, Beginning	30,793	15,103		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 15,103</u>	<u>\$ 6,929</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 55,386	\$ 0	\$ 55,386
Federal Sources	42,503	0	0	0
Transfers	3,679,187	4,042,765	3,131,309	911,456
	<u>3,721,690</u>	<u>4,098,151</u>	<u>\$ 3,131,309</u>	<u>\$ 966,842</u>
Expenditures				
Instruction	3,375,326	3,587,789	\$ 3,711,767	\$ (123,978)
Student Transportation Services	308,975	299,391	338,000	(38,609)
	<u>3,684,301</u>	<u>3,887,180</u>	<u>\$ 4,049,767</u>	<u>\$ (162,587)</u>
Receipts Over (Under) Expenditures	37,389	210,971		
Unencumbered Cash, Beginning	881,073	918,462		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 918,462</u>	<u>\$ 1,129,433</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 88,677	\$ 77,818	\$ 90,000	\$ (12,182)
State Sources	13,160	13,638	20,675	(7,037)
Transfers	447,250	588,240	595,000	(6,760)
	<u>549,087</u>	<u>679,696</u>	<u>\$ 705,675</u>	<u>\$ (25,979)</u>
Expenditures				
Instruction	429,170	626,667	\$ 664,500	\$ (37,833)
Student Support Services	2,074	3,648	4,000	(352)
Instruction Support Staff	79,933	85,567	84,600	967
Transportation	8,588	8,666	10,025	(1,359)
	<u>519,765</u>	<u>724,548</u>	<u>\$ 763,125</u>	<u>\$ (38,577)</u>
Receipts Over (Under) Expenditures	29,322	(44,852)		
Unencumbered Cash, Beginning	28,179	57,517		
Prior Year Canceled Encumbrances	<u>16</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 57,517</u>	<u>\$ 12,665</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 1,271,436	\$ 1,286,549	\$ 1,525,723	\$ (239,174)
	<u>1,271,436</u>	<u>1,286,549</u>	<u>\$ 1,525,723</u>	<u>\$ (239,174)</u>
Expenditures				
Instruction	793,149	794,640	\$ 942,366	\$ (147,726)
Student Support Services	51,790	51,814	61,447	(9,633)
Instructional Support Staff	50,702	57,009	67,607	(10,598)
General Administration	33,260	31,865	37,788	(5,923)
School Administration	113,199	115,048	136,436	(21,388)
Other Supplemental Services	42,473	47,673	56,536	(8,863)
Operations & Maintenance	84,555	84,243	99,904	(15,661)
Student Transportation Services	66,341	66,094	78,381	(12,287)
Food Service Operation	35,967	38,163	45,258	(7,095)
	<u>1,271,436</u>	<u>1,286,549</u>	<u>\$ 1,525,723</u>	<u>\$ (239,174)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Recreation Commission Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 463,795	\$ 486,222	\$ 473,395	\$ 12,827
County Sources	64,311	67,278	63,166	4,112
	<u>528,106</u>	<u>553,500</u>	<u>\$ 536,561</u>	<u>\$ 16,939</u>
Expenditures				
Community Service Operations	<u>528,345</u>	<u>543,523</u>	<u>\$ 543,523</u>	<u>\$ 0</u>
	<u>528,345</u>	<u>543,523</u>	<u>\$ 543,523</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(239)	9,977		
Unencumbered Cash, Beginning	8,058	7,819		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 7,819</u>	<u>\$ 17,796</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Recreation Commission Employee</u> <u>Benefit Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 66,776	\$ 72,894	\$ 74,983	\$ (2,089)
County Sources	9,640	9,957	9,306	651
	<u>76,416</u>	<u>82,851</u>	<u>\$ 84,289</u>	<u>\$ (1,438)</u>
Expenditures				
Community Service Operations	<u>76,321</u>	<u>83,631</u>	<u>\$ 84,861</u>	<u>\$ (1,230)</u>
	<u>76,321</u>	<u>83,631</u>	<u>\$ 84,861</u>	<u>\$ (1,230)</u>
Receipts Over (Under) Expenditures	95	(780)		
Unencumbered Cash, Beginning	685	780		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 780</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Bond and Interest Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,331,656	\$ 2,529,594	\$ 2,357,839	\$ 171,755
County Sources	325,700	354,758	332,358	22,400
State Sources	2,138,971	2,209,902	2,226,557	(16,655)
	<u>4,796,327</u>	<u>5,094,254</u>	<u>\$ 4,916,754</u>	<u>\$ 177,500</u>
Expenditures				
Debt Service	<u>4,716,264</u>	<u>4,737,356</u>	<u>\$ 4,737,356</u>	<u>\$ 0</u>
	<u>4,716,264</u>	<u>4,737,356</u>	<u>\$ 4,737,356</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	80,063	356,898		
Unencumbered Cash, Beginning	2,936,896	3,016,959		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,016,959</u>	<u>\$ 3,373,857</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Special Assessments Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 7	\$ 0	\$ 0	\$ 0
	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Site Improvement Services	78	85	\$ 9,640	\$ (9,555)
	<u>78</u>	<u>85</u>	<u>\$ 9,640</u>	<u>\$ (9,555)</u>
Receipts Over (Under) Expenditures	(71)	(85)		
Unencumbered Cash, Beginning	9,712	9,641		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 9,641</u>	<u>\$ 9,556</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Federal Funds</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 0
Federal Sources	260,819	379,882
	<u>260,819</u>	<u>379,882</u>
Expenditures		
Instruction	253,762	362,071
Student Support Services	0	0
Instructional Support Staff	3,827	8,197
General Administration	4,230	9,914
	<u>261,819</u>	<u>380,182</u>
Receipts Over (Under) Expenditures	(1,000)	(300)
Unencumbered Cash, Beginning	1,212	212
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 212</u>	<u>\$ (88)</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 36,042	\$ 9,461
	<u>36,042</u>	<u>9,461</u>
Expenditures		
Instruction	36,011	25,171
Instructional Support Staff	4,680	9,335
	<u>40,691</u>	<u>34,506</u>
Receipts Over (Under) Expenditures	(4,649)	(25,045)
Unencumbered Cash, Beginning	48,589	43,940
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 43,940</u>	<u>\$ 18,895</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Instruction	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	1,406,491	1,406,491
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,406,491</u>	<u>\$ 1,406,491</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)

<u>Textbook and Student Material</u> <u>Revolving Fund</u>			
		<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts			
Local Sources		<u>\$ 250,267</u>	<u>\$ 176,244</u>
		<u>250,267</u>	<u>176,244</u>
Expenditures			
Instruction		211,959	318,704
Student Support Services		<u>12,202</u>	<u>4,523</u>
		<u>224,161</u>	<u>323,227</u>
Receipts Over (Under) Expenditures		26,106	(146,983)
Unencumbered Cash, Beginning		246,622	273,038
Prior Year Canceled Encumbrances		<u>310</u>	<u>182</u>
Unencumbered Cash, Ending		<u>\$ 273,038</u>	<u>\$ 126,237</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Revolving Account	\$ 0	\$ 1,376	\$ 4,115	\$ (2,739)
Kansas Beef Council	0	250	131	119
SSEP	2,740	0	0	2,740
Math Department	17	1,101	882	236
Skills USA/TSA	664	1,288	1,535	417
Pepsi	1,217	1,233	1,142	1,308
Field Trip	348	556	428	476
Auto Parts	560	1,081	1,013	628
FBLA	320	5,698	5,155	863
Woods Project	0	2,104	2,023	81
Art Club	435	350	178	607
Robotics	1,727	2,557	2,300	1,984
Girls Club	349	0	0	349
Vending DECA	3,319	6,420	8,024	1,715
Class of 2014	1,022	(1,022)	0	0
Class of 2015	1,430	1,834	2,289	975
Class of 2016	1,605	8,980	9,311	1,274
Class of 2017	1,249	1,543	1,644	1,148
Class of 2018	0	947	566	381
Student Services	2,009	1,531	2,679	861
Band Cleaning/Rental	0	1,625	1,560	65
HOSA	0	465	30	435
Library/Media	527	577	687	417
Sales Tax	657	3,232	3,052	837
Yearbook	3,061	9,329	9,302	3,088
All School Play	625	(550)	75	0
Band Activity	(48)	4,896	4,850	(2)
Buzz Barn	1,071	0	73	998
Chess Club	2,638	3,106	3,325	2,419
Choir Activities	3,690	9,140	8,295	4,535
Fine Arts	525	0	30	495
Concessions	0	9,485	9,485	0
	<u>31,757</u>	<u>79,132</u>	<u>84,179</u>	<u>26,710</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Fund</u>	<u>Beginning Cash</u> <u>Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
High School (Continued)				
Crime Stoppers	\$ 685	\$ 0	\$ 0	\$ 685
Drama Club	163	395	470	88
FCA	842	803	1,190	455
Gifted	1,253	0	127	1,126
Journalism	2,821	0	1,245	1,576
DECA	884	16,486	16,071	1,299
Musical	1,340	9,186	6,129	4,397
National Forensics	4,656	11,304	11,601	4,359
National Honor Society	401	650	939	112
Broadcasting	892	0	233	659
SADD	2,082	545	914	1,713
Scholars Bowl	837	855	1,174	518
Science Club	830	135	235	730
Spanish Club	1,172	4,262	5,252	182
Student Council	1,240	3,112	2,634	1,718
Varsity Club	334	0	84	250
FCCLA	1,944	535	278	2,201
Counselor Activity	2,277	3,636	3,288	2,625
Letterwomen's Club	2,278	1,515	1,875	1,918
Friendship Club	1,934	344	498	1,780
PE Uniforms	(1,858)	126	0	(1,732)
	<u>27,007</u>	<u>53,889</u>	<u>54,237</u>	<u>26,659</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
Middle School					
Student Services	\$ 11	\$ 0	\$ 11	\$ 0	
Sales Tax	0	46	0	46	
Fundraiser	1,005	27,914	28,297	622	
Student Council	215	1,940	2,088	67	
Video Yearbook	14	1,021	439	596	
Leadership Program	403	2,629	2,618	414	
Band Fundraiser	2,413	4,209	6,551	71	
	<u>4,061</u>	<u>37,759</u>	<u>40,004</u>	<u>1,816</u>	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
Intermediate School					
Faculty Services	\$ 454	\$ 469	\$ 807	\$ 116	
Student Services	2,971	5,949	5,340	3,580	
PE Account	2,802	6,161	5,595	3,368	
Stuco	1,510	5,833	4,984	2,359	
Sales Tax	0	369	369	0	
	<u>7,737</u>	<u>18,781</u>	<u>17,095</u>	<u>9,423</u>	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Fund</u>	<u>Beginning Cash</u> <u>Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
Abilene Elementary				
Revolving	\$ (22)	\$ 1,698	\$ 1,749	\$ (73)
Faculty Services	4,571	1,353	1,042	4,882
Student Services	8,810	834	734	8,910
Student Help	399	500	89	810
Courtesy Committee	258	0	258	0
	<u>14,016</u>	<u>4,385</u>	<u>3,872</u>	<u>14,529</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
West Elementary				
Revolving	\$ 0	\$ 9,813	\$ 10,228	\$ (415)
Faculty Account	(323)	3,902	1,838	1,741
Student	3,043	8,642	8,613	3,072
PE	945	2,339	2,432	852
Sales Tax	(1)	24	0	23
Clubs	20	0	0	20
Owls	222	0	68	154
	<u>3,906</u>	<u>24,720</u>	<u>23,179</u>	<u>5,447</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Fund</u>	<u>Beginning Cash</u> <u>Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
Wheatland Elementary				
Revolving	\$ 0	\$ 6	\$ 0	\$ 6
Faculty Services	335	208	740	(197)
Student Services	14,948	10,506	7,138	18,316
Sales Tax	0	153	0	153
	<u>15,283</u>	<u>10,873</u>	<u>7,878</u>	<u>18,278</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
Scholarship and Memorials					
Ireland Scholarship	\$ 3,216	\$ 0	\$ 750	\$ 2,466	
Dawson Scholarship	5,596	4	204	5,396	
	<u>8,812</u>	<u>4</u>	<u>954</u>	<u>7,862</u>	
 Total Agency Funds	 <u>\$ 112,579</u>	 <u>\$ 229,543</u>	 <u>\$ 231,398</u>	 <u>\$ 110,724</u>	

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances and Accounts Payable		
School Projects								
High School Athletics	\$ 46,709	\$ 0	\$ 426,858	\$ 438,909	\$ 34,658	\$ 0	\$ 0	\$ 34,658
Middle School	138	0	46	184	0	0	0	0
Middle School Athletics	7,054	0	60,756	58,226	9,584	0	0	9,584
Intermediate School	1,477	0	3,559	3,490	1,546	0	0	1,546
Abilene Elementary	1,553	0	3,471	3,272	1,752	0	0	1,752
West Elementary	4,850	0	3,968	4,000	4,818	0	0	4,818
Wheatland Elementary	1,804	0	5,140	5,291	1,653	0	0	1,653
Total District Activity Funds	\$ 63,585	\$ 0	\$ 503,798	\$ 513,372	\$ 54,011	\$ 0	\$ 0	\$ 54,011

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2015**, and the related notes to the financial statement, which collectively comprise **Valley Center Unified School District No. 262, Valley Center, Kansas'** basic financial statement, and have issued our report thereon dated December 11, 2015. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Board of Education
Valley Center Unified School District No. 262**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Valley Center Unified School District No. 262, Valley Center, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 11, 2015



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

Report on Compliance for Each Major Federal Program

We have audited **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs for the year ended **June 30, 2015**. **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance.

**Board of Education
Valley Center Unified School District No. 262**

Opinion on Each Major Federal Program

In our opinion, **Valley Center Unified School District No. 262, Valley Center, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2015**.

Report on Internal Control Over Compliance

Management of **Valley Center Unified School District No. 262, Valley Center, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
December 11, 2015

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Receipts	Expenditures	Unencumbered	
			Cash	7-1-14			Cash	6-30-15
(Passes Through Kansas Department of Education)								
Department of Agriculture								
Child Nutrition Cluster-Cluster								
National School Breakfast Program	10.553	\$ 103,245						
National School Lunch Program	10.555	563,815						
Summer Food Service Program	10.559	16,395						
		<u>683,455</u>	\$	0	\$	683,455	\$	0
Department of Education								
Title I, Part A Cluster-Cluster								
Title I Grants to Local Education Agencies	84.010	319,725		0	319,725	319,725		0
Career and Technical Education-Basic Grants to States	84.048	28,042			28,042	28,342		(300)
Teacher Quality/Title II-A	84.367	32,115		0	32,115	32,115		0
		<u>379,882</u>		0	<u>379,882</u>	<u>380,182</u>		<u>(300)</u>
Total Federal Financial Assistance		\$ 1,063,337	\$	0	\$ 1,063,337	\$ 1,063,637	\$	(300)

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report Of Compliance for Each Major Program; Report On Internal Control Over Compliance; And Report on Schedule of Expenditures of Federal Awards Required By OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
National Summer Food Service Program	10.559
Title 1, Part A Cluster-Cluster	
Title 1 Grants to Local Education Agencies	84.010
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Valley Center Unified School District No. 262, Valley Center, Kansas**, was determined not to be a low-risk auditee.

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

There are no prior audit findings.